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C O N F I D E N T I A L SECTION 01 OF 03 DAMASCUS 000288

SIPDIS

DEPT FOR NEA/FO, NEA/ELA, EEB/ESC/TFS; NSC FOR
SHAPIRO/MCDERMOTT; COMMERCE FOR BIS/CHRISTINO

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TAGS: FAIR ECON ETRD ETTC PGOV PREL GE SP SY

SUBJECT: CORRECTED COPY: MFA REQUESTS EMBASSY HELP FOR
SYRIAN AIR

REF: A. DAMASCUS 279

- 1B. DAMASCUS 192
- 1C. DAMASCUS 188
- 1D. 08 DAMASCUS 661
- 1E. 08 DAMASCUS 599
- 1F. 08 DAMASCUS 438
- 1G. 07 DAMASCUS 950

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Classified By: Charge d'Affaires Maura Connelly for reasons 1.4(b,d)

(C) Due to a technical error occurring in transmission, DAMASCUS 286 contained only eight paragraphs of a twelve-paragraph cable. This corrected copy of DAMASCUS 286 should have twelve paragraphs.

Summary

11. (C) In an April 15 meeting requested by Vice Foreign Minister Faisal Miqdad, the Director General of Syrian Air asked for the Embassy's help in obtaining export licenses for maintenance on 17 aircraft engines and three auxilliary power units. Two Airbus A320 engines are involved in a contractual dispute with Lufthansa Technik of Germany, while 15 V2500 engines (also for the A320) need maintenance and service bulletins from the Connecticut-based company IAE. One Honeywell-brand APU is currently stuck in Spain, while two others in Damascus await major repairs. Further down the airline's wish-list, the Syrian Air executive expressed her desire to purchase new aircraft from either Airbus or Boeing.

Charge advised the Director General and Vice Foreign Minister that the purchase of new aircraft should be addressed as a political, rather than a humanitarian, issue. End summary.

MFA Follows Up on Syrian Air

¶12. (C) After the March 7 meeting in which FM Walid al-Muallim raised the issue of an export license for a Syrian Air Airbus engine with NEA A/S-designate Feltman and NSC Senior Director Shapiro (ref B), Post sent a dipnote offering to brief MFA officials on the subject of trade sanctions and export licenses, particularly relating to civil aviation. In response to our dip note, Vice Foreign Minister (VFM) Faisal Miqdad requested a meeting on April 15 with Charge, Econoff, Miqdad's Chef de Cabinet Husam Ala'a, Director General and CEO of Syrian Arab Airlines (Syrian Air) Ghaida Abdullatif and Syrian Air Technical Director Mohiedin Issa.

¶13. (C) VFM Miqdad opened the meeting by saying the Syrian government had "welcomed" A/S-designate Feltman's remarks in the March 7 meeting that the Obama administration considered civil aviation safety to be a humanitarian issue, and the MFA appreciated the Embassy's efforts to follow up. Miqdad said these steps were indicative that the U.S. genuinely wanted a "new approach" towards its relations with Syria, as were A/S-designate Feltman's meetings in Washington with Syrian Ambassador Imad Mustafa. "This," Miqdad offered, "is the correct approach." Arriving at the point of the meeting, Miqdad concluded that the first issue that "we must address" is Syrian Airlines.

Syrian's Air's Wish List

¶14. (C) Painting a grim picture of Syrian Air's current

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condition, Abdullatif enumerated the airline's "top three priorities." First, she said, was convincing Lufthansa Technik to re-export an Airbus A320 engine that Syrian Air had paid to have reconditioned in Germany (ref A, B). She claimed that Syrian Air had contracted with Lufthansa Technik in 2004 to overhaul two A320 engines. (Note: Based on past conversations with Issa, we believe Syrian Air only shipped one of the two engines to Germany and the other remains in Damascus. End note.) Abdullatif claimed that any financial dispute between Lufthansa Technik and Syrian Air had been resolved (ref A), but Lufthansa Technik was now "afraid" of applying for an export license for fear of exposing itself to U.S. government legal action for performing the overhaul without first obtaining a license -- which Lufthansa Technik's attorneys evidently believe may have violated U.S. sanctions.

¶15. (C) Technical Director Mohiedin Issa added that Syrian Air faced a similar situation with respect to three Honeywell auxilliary power units (APU) that were in need of overhaul. Syrian Air sent one APU to Spain to be overhauled by a company affiliated with Iberia airlines. The company had previously received an export license to install a navigation system for Syrian Air, and was surprised when its application for a license to overhaul the APU had been denied. According to Issa, the company now fears that it may be in violation of sanctions for having performed the overhaul and refuses to ship the APU back to Syria. Abdullatif argued that the APUs, which provide electrical power to the aircraft while on the ground, are essential to the safe operation of the aircraft by powering the lights and communication systems while the plane is at the gate and passengers are on-board.

¶16. (C) After explaining our understanding of the trade sanctions and the export license application process, we suggested that Syrian Air might encourage Lufthansa Technik to seek an advisory opinion from BIS if it wanted an official USG opinion of its legal position with respect to sanctions.

¶17. (C) The airline's next priority, according to Abdullatif, was obtaining maintenance service from International Aero

Engines (IAE). She said that Syrian Air had purchased 15 V2500 engines from the Connecticut-based company prior to the imposition of U.S. sanctions to operate on its fleet of six A320s. She claimed that after sanctions had been imposed, IAE had received an export license in 2004 to maintain its service contract on the 15 engines. IAE's subsequent application to renew its license in 2006, however, had been denied. Since that decision, IAE had ceased providing any spare parts or daily service bulletins for the 15 engines. Other companies that were capable of providing similar services -- Pratt and Whitney, Rolls Royce, Japanese Aero Engines and MTU Aero Engine (Germany) -- had all refused to work with Syrian Air based on the USG's refusal to renew IAE's export license in 2006. Abdullatif said that Syrian Air's inability to receive spare parts and daily bulletins from IAE significantly degraded the safety of Syrian Air's A320 fleet, which currently numbered just four operational aircraft.

We Need New Planes

¶ 18. (C) Syrian Air's third priority, according to Abdullatif, is purchasing new aircraft. She explained that Syrian Air had signed an MOU with Airbus to purchase eight narrow-body aircraft from the A320 family, but said the MOU contained a clause that made the purchase dependent upon Airbus' receipt of an export license from the U.S. government. She described

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her recent meeting with Boeing Commercial Director for the Middle East and Africa Donald Galvanin (ref A) as "excellent," and said that Syrian Air hoped to sign a similar MOU with Boeing to purchase 737 and 777s.

¶ 19. (C) Charge advised Miqdad and Abdullatif that it was unlikely that Syrian Air's desire for new aircraft could be justified on humanitarian grounds, and would be better addressed as a political issue. She suggested that the Syrians should raise this issue with Washington visitors who want to have political discussions in Damascus, and reminded them that Ambassador Mustafa is also in position to raise it in his meetings in Washington.

¶ 110. (C) Miqdad acknowledged the Charge's point, and said he would raise it with FM Muallim. He also asked the Charge to convey the Syrians' desire to purchase new aircraft in her report on this meeting to Washington in order to start the discussion as soon as possible. "It's good to have these kinds of frank discussions," Miqdad said. "We hope this meeting will facilitate a good beginning."

Conveying a Request to Meet Again

¶ 111. (C) The Charge next informed Miqdad of the proposed visit A/S-designate Feltman and NSC Senior Director Shapiro to Syria on April 27. Miqdad responded that the proposal was "excellent news," but expressed concern that "no one" would be available to meet with the delegation on April 27. (Note: FM Muallim may be accompanying President Asad to Austria for meetings on April 27-28. End note.) He promised to convey the request to FM Muallim and respond by April 16 with an alternative date if April 27 is, in fact, not possible.

Comment

¶ 112. (C) Abdullatif's frank description of Syrian Air's "priorities" paints an even grimmer picture of the airline's desperate condition than our internal assessments had indicated. Although we were aware of the two engines requiring maintenance from Lufthansa Technik, this was the

first we had heard of the 15 engines needing service from IAE or the three Honeywell APUs. Notably absent from Syrian Air's presentation was any discussion of the two export licenses to recondition the Boeing 747-SPs. Laying their cards on the table, the Syrian regime has uncharacteristically acknowledged its need for our help. They will see our response as a metric by which to gauge the seriousness of our desire to engage them.

CONNELLY